



Lawrence CommunityWorks

*Real Estate Response to the
Foreclosure Crisis*

Lawrence Context

- De-industrializing mill city, largely Latino population
- High rate of sub-prime and predatory lending, especially to Latino borrowers
- 2007: Close to 700 foreclosure filings
- 2008: Approaching 600 notices (even with moratorium)
- 444 foreclosure deeds filed January – November 2008
- Over 550 REO properties in the City, concentrated in the poorer North side
- Foreclosure of investor-owned multifamily properties means eviction and displacement of tenants too

LCW Strategy: Fighting Neighborhood Blight by Reclaiming Bank Owned Properties

- Purchase of vacant bank-owned properties at 20-40% of previously appraised values
- First focus area North Common neighborhood (locus of previous LCW revitalization efforts)
- Cluster-based approach for maximum impact
- Community support for acquisition; no viable owner-occupant competitive bidder
- Rolling rehab with smaller contractors or package for larger homeownership or rental project

Lawrence North Common Neighborhood





Progress

*The Garden Street Cluster
(Mechanic's Row)*

- 10 units purchased (Garden Street plus 69 Newbury)
- City commitment of \$50K/unit; convening local response
- State is putting subsidy and loan program together
- Housing community has mobilized around problem-solving and resource development
- Delegation has been supportive and engaged
- Banks becoming slightly more responsive to overtures
- Established relationships with local contractors

Challenges

- Diverse bank ownership
- Banks slow to understand local market conditions and respond
- Intensive rehab needs – these are very expensive projects
- Identifying sufficient subsidy: not clear present programs sufficient
- Making the market
- Speculators and bottom-feeders
- Need sufficient acquisition capital to move quickly on opportunities
- Keeping abreast of / shaping policy and “infrastructure” developments



Garden Street historic row house interiors

Opportunities



- Drop in values is opening opportunity for working families
- Lots of first-time buyers are signing up for homebuyer education
- Breaking cycle of deferred maintenance and neglect on problem properties: tremendous neighborhood revitalization potential
- Relationships with local contractors
- Collaborative possibilities (e.g., with Habitat)

What You Need

- Flexible, readily available acquisition capital and substantial development subsidy
- Staff capacity to dog acquisition research and negotiations, assemble projects
- Targeted approach and good local partnerships
- Strategic use of political relationships